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November 19, 2009

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Jennifer J. Johnson, Secretary  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Ave, NW  
Washington, DC 20551

RE: Docket No. R - 1370 - Credit Card Act Implementation (February 22, 2010 Effective Date)

Dear Ms. Johnson:

E&A Credit Union appreciates the opportunity to comment on the proposed rule. By way of background, E&A Credit Union is a state-chartered, federally insured credit union which serves members in the state of Michigan primarily in the counties of St. Clair, Sanilac, Lapeer, and Macomb counties.

It is understood that the primary goal of the provisions outlined in the Credit Card Accountability Responsibility and Disclosure (CARD) Act of 2009 is to provide greater consumer protection in regards to credit cards (primarily) and open-end credit. The provisions of the CARD Act will be implemented in stages, consistent with the statutory timeline. The comments contained in this letter address provisions of the CARD Act that will be effective February 22, 2010.

#### Periodic Statements Disclosure Requirements

It appears that the repayment disclosure requirements are limited to credit card accounts under open-end (not home-secured) consumer credit plans and not any and all open-end credit. These requirements seem burdensome to creditors. It is believed that these requirements will only increase expenses for creditors in order to comply with these requirements. In order for creditors to remain competitive and viable institutions, these costs will need to be passed onto the consumer. This will result in an obvious adverse affect on the consumer which is the complete opposite of what the Act is intended to accomplish.

For instance, creditors and statement processors are now going to have to perform more calculations to meet the periodic statement disclosure requirements. There are different stipulations of what is required which may make it more complicated to calculate these disclosure requirements. Processors may in turn charge financial institutions higher costs to complete these complex calculations. Additional printing fees will apply to print the additional text which will now be required to be present on the statements. It seems like a very high cost of



compliance for creditors to pay for a service which is believed will have very little benefit to the consumer.

All of this information is available to the consumer if they choose to ask for it. Most creditors will gladly work with consumers and help educate them in financial matters if the consumer initiates the conversation. It seems burdensome to make it a requirement for creditors to provide this information on statements. At some point, the consumer needs to take responsibility for his/her own financial matters.

#### Provision of Information about Credit Counseling Services

This again seems like a burdensome requirement for card issuers. There will be costs incurred for making this information available and periodically verifying the information for accuracy. Another option, rather than forcing the burden on financial institutions, would be for the Government to create a central website containing contact information for *all approved organizations which provide credit counseling services. Similarly, a telephone number and an address to contact a government agency, from which the same information could be obtained, could be set up. Financial institutions could then provide this one resource to consumers and be assured that the contact information to receive information about credit counseling services is always accurate.*

#### Over-the-Limit Transactions Opt-In Requirement

The proposed rule would require creditors to obtain a consumer's express election, or opt-in, before the creditor could impose any fees on a consumer's credit card for making an extension of credit that exceeds the consumer's credit limit. If any over-the-limit transaction is paid without the consumer providing affirmative consent, the institution would not be permitted to charge a fee for paying the transaction. It may be very difficult to receive consumer consent. Institutions may just decide to no longer cover any over-the-limit transactions. An argument could be made that this may result in more denied transactions for consumers.

The proposed rule would require that all consumers, including existing account holders, receive notice of the opt-in right, if an institution intends to charge a fee for over-the-limit transactions. This would apply to all accounts opened prior to the February 22, 2010 effective date. For these accounts opened prior to the effective date, a notice could be sent after the effective date. Creditors would be prohibited from assessing any over-the-limit fee after the effective date of the rule and prior to providing the opt-in notice, and could not assess any fees unless and until the consumer opts in. In order to prevent a disruption in providing this benefit to consumers who want it and to help alleviate the compliance burden of complying with this requirement, it may be beneficial to allow creditors the ability to process the opt-ins in phases.

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Internet Posting of Credit Card Agreements

Posting credit card agreements on a website should not be an unrealistic burden for creditors. There should be no objections to making this information available to consumers. However, the true benefit for consumers seems minimal. Some creditors may need to make systematic changes in order to comply with this portion of the Act. It may be better suited to make this requirement effective July 1, 2010 to provide additional time needed to make these systematic changes to comply with this requirement.

In closing

It is understood and greatly appreciated that when the Credit Card Act was passed consumer protection was the primary focus. However, some provisions of the Act seem very burdensome while providing little consumer protection. Instead of implementing devastating changes to Regulation Z in order to comply with the timeline set forth in the CARD Act, the FRB should take its time in make these regulatory changes. The Credit Card Accountability Responsibility and Disclosure Act of 2009 holds too many provisions to be implemented in the short period allowed by its current timeline. This may result not only in burden placed upon financial institutions to comply but also adverse effects on consumers due to the quick decisions and actions which financial institutions have to make in order to comply with the changes now being made to Regulation Z.

Sincerely,

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